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HOUSE BILL 2832

By Kisber

AN ACT to amend Tennessee Code Annotated, Section 67-4-702, relative to the definitions of wholesale and dealer holdback retail sales concerning motor vehicle dealers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-702(a), is amended by adding the following new subitems to subdivision (11):

(C) "Sale at retail" or "retail sales" does not include any amounts received by a franchised motor vehicle dealer from a manufacturer or distributor of motor vehicles as a "dealer holdback." This subsection is retroactive to tax years beginning on or after January 1, 1993.

(D) For purposes of this part, "dealer holdback" means such agreed-upon sums or amounts of money held by the manufacturer or distributor of motor vehicles out of the proceeds received by such manufacturer or distributor from a franchised motor vehicle dealer for the purchase of motor vehicles which are then remitted to the dealer net of all outstanding obligations of the dealer to the manufacturer or distributor. This subsection shall be retroactive to tax years beginning on or after January 1, 1993.

SECTION 2. Tennessee Code Annotated, Section 67-4-702(a), is amended by adding the following new subitem to subdivision (19):

(D) "Wholesale sale" or "sale at wholesale" includes the sale by a franchised motor vehicle dealer to a manufacturer or distributor of motor vehicles of parts and repair services necessary for repairs performed by the dealer under the manufacturer or distributor's warranty, and also includes pre-delivery inspection charges paid to a franchised motor vehicle dealer by a manufacturer or distributor of the motor vehicle under its warranty. This subsection is retroactive to tax years beginning on or after January 1, 1993.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.